



425 E. Santa Clara St., #300  
San Jose, CA 95113  
(408) 286-8718  
(408) 286-2577 fax

**SAN JOSE**

## **FIRE FIGHTERS & POLICE OFFICERS**



1151 N. Fourth Street  
San Jose, CA 95112  
(408) 298-1133  
(408) 298-3151 fax

January 26, 2011

Alex Gurza  
Director of Employee Relations  
City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113



**Re: San Jose Police Officers' Association, IAFF Local 230 and City of San Jose (GASB Prefunding)**

Dear Alex:

As both the San Jose Police Officers' Association and the International Association of Firefighters, Local 230 are engaged in bargaining with the City of San Jose, we write jointly to address the lingering issue of prefunding of retiree medical benefits.

For several years, under the terms of the negotiated Memorandum of Agreement between the SJPOA and the City, police officers have been making increased contributions for retiree medical and dental benefits as part of the agreement to transition from the partial prefunding previously in place to prefunding of the full Annual Required Contribution ("ARC"). The agreement, however, was premised upon an understanding that the City would establish a qualified trust before June 28, 2009. No steps have been taken to create such a trust, and as a result, the monies contributed by SJPOA represented officers have simply been held in a separate reserve.

While the City and Local 230 have not yet reached agreement on a successor MOA to the agreement that expired in 2009, Local 230 has made several package contract settlement proposals which include an offer to commence firefighter contributions towards ARC prefunding if the parties can agree to an appropriate vehicle for retention of such funds.

We believe it is well past time to address the issue of exactly what trust or other instrument should be created for the purpose of retaining both police officer and firefighter contributions towards full ARC. Toward that end, both the SJPOA and Local 230 propose that the two labor organizations and the City enter into immediate three-party negotiations over the creation of a trust agreement or other appropriate instrument for the purpose of employee contributions prefunding the full ARC. If this is acceptable

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to the City, Local 230 agrees to *immediately* commence contributions from firefighters in a percentage amount equal to that contributed by police officers.

It is understood that because SJPOA members have been contributing towards prefunding the full ARC since the beginning of Fiscal Year 2009-2010, regardless of an agreement on the form of trust or other plan instrument, separate accounting of ARC costs for each bargaining unit must continue in order to properly credit contributions as between SJPOA represented employees and Local 230 represented employees.

As always, this proposal is subject to ratification by the City Council and the respective membership of each labor organization.

We believe it would be in everyone's interest to resolve this matter as expeditiously as possible and hope this proposal to put this particular matter to rest is received favorably.

Very truly yours,



GEORGE BEATTIE, President  
San Jose Police Officers' Association

Very truly yours,



JEFF WELCH, President  
San Jose Fire Fighters, IAFF Local 230

cc: Honorable Chuck Reed, Mayor of the City of San Jose  
San Jose City Council